

Dear State Tax Panel,

My recommendations are as follows:

1. Tax all state and municipal pensions regardless of where the pensioner now lives. The pension was earned in CT and should forever be subject to the CT state tax rates.
2. Treat Marijuana like Tobacco and Alcohol, regulate it and tax it.
3. Increase gas and fuel oil taxes, to encourage conservation, and reduce income taxes accordingly.
4. Stop accruing certain revenues after the fiscal year ends. Currently the process a significant delay in closing the books for a fiscal year. Prompt reporting is essential to good budgeting.
5. Stop the phase-in to GAAP, just book an adjustment to it and proceed on GAAP starting July 1, 2016.
6. Don't budget (estimate) the new year's revenues, rather use last year's actual revenue as this year's budget. This would eliminate the overly optimistic budgets that are squeezed out of the Connecticut sausage factory every other year.
7. The current "balanced budget" constitutional amendment is a sham and so is the spending cap. The governor and the legislature have made a mockery of these by using phantom savings and significantly redefining the cap. See # 4 above.
8. Stop Pension Spiking ala Mark Ojakian.

I would also like to say that the "perpetual budget crisis" is mostly a result of our legislature allowing too many costs to become "uncontrollable" (Fixed). While it is understandable that the price of certain medical procedures are outside that control, debt repayment, pensions, and OPEB's are in legislative control, just not in the short term. These "fixed" expenses are crowding out other needed programs and it is this future prospect that is keeping new business away and chasing out existing businesses. They must be addressed when the contracts are up for negotiation. Never request an early negotiation; this just puts the state government at a disadvantage. This is the real problem with Connecticut Municipal and State government costs.

Regards,

Jim McAuliffe